

Message Text

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ACTION OES-02

INFO OCT-01 SS-14 ISO-00 NEA-07 INR-05 CIAE-00 DODE-00
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PRS-01 SP-02 EUR-08 /069 W
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R 181239Z MAR 77
FM AMCONSUL BOMBAY
TO SECSTATE WASHDC 7165
USMISSION IAEA VIENNA
AMEMBASSY NEW DELHI

C O N F I D E N T I A L SECTION 1 OF 2 BOMBAY 0649

LIMDIS

EO 11652: GDS
TAGS: TECH IN
SUBJ: IAEA SAFEGUARDS

1. AT CLOSE OF DISCUSSION TODAY OF TECHNICAL PROBLEM IN CONNECT-
ION WITH TARAPUR FUEL SUPPLY, REPORTED SEPARATELY, CONGEN ASKED
IAEC CHAIRMAN HOMI N SETHNA ABOUT NEW DELHI DATELINED FRONT PAGE
STORY IN MARCH 18 ISSUE BOMBAY EDITION OF INDIAN EXPRESS WHICH
STATE THAT, "MOSCOW IS SAID TO HAVE DEMANDED THAT ALL NUCLEAR
INSTALLATIONS, NOT OF RAJASTHAN ALONE, BE OPENED TO INSPECTION TO
ENSURE THAT THE HEAVY WATER GIVEN FOR ONE REACTOR IS NOT USED AT
ANY OTHER." SETHNA REPLIED THAT THE ARTICLE WAS OFF TARGET IN
MANY RESPECTS. IN PARTICULAR ITS CONCLUSION ABOUT THE EXTENT OF
SAFEGUARDS SOUGHT BY THE IAEA WAS SOMEWHAT EXAGGERATED. HOWEVER,
HE EMPHASIZED THAT THIS ARTICLE DOES REFLECT A BASIC PROBLEM
BECAUSE THE IAEA IS TRYING TO DEFINE FULL FUEL CYCLE SAFEGUARDS
IN A WAY THAT WOULD COVER MUCH OF INDIA'S NUCLEAR FACILITIES. HE
JOKINGLY SAID THAT THE IAEA WANTED TO PUT UNDER PERPETUAL SAFE-
GUARDS THAT PORT THAT RECEIVES THE HEAVY WATER, THE DOCK AT WHICH
IT IS UNLOADED AND THE ROAD OVER WHICH IT IS TRANSPORTED. HE MADE
THIS A BIT MORE PRECISE BY NOTING THAT AT LEAST THEY WANTED TO
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SAFEGUARD THE CRANES THAT LIFTED THE MATERIAL, THE VEHICLES THAT
TRANSPORTED IT AS WELL AS THE TANKS IN WHICH IT WAS TEMPORARILY
STORED. HE SAID THAT THIS CONTAMINATION THEORY WAS OBVIOUSLY
EXTENDED BEYOND LIMITS ACCEPTABLE TO INDIA AND THAT IT MADE MANY
INDIANS DOUBTFUL ABOUT PROSPECTS FOR SUCCESSFULLY WORKING OUT
THIS PROBLEM WITH IAEA.

2. SETHNA EMPHASIZED THAT INDIA'S CURRENT DIFFICULTIES ARE NOT DIRECTLY WITH RUSSIA AS THE EXPRESS ARTICLE SAYS, BUT WITH THE IAEA. WHILE HE SAID THAT THE RUSSIANS MAY WELL BE PUTTING THE IAEC UP TO THE EXAGGERATED DEMANDS, HE SAID HE HAS NO DIRECT EVIDENCE TO THAT EFFECT AND WOULD NOT WANT ANYONE TO BELIEVE THAT HE HAS CONCLUDED THAT THE RUSSIANS ARE INDEED THE DRIVING FORCE BEHIND THESE DEMANDS. HOWEVER, HE SAID THAT IF THE RUSSIANS DO INDEED STAND BEHIND SUCH DEMANDS, THEY CAN SIMPLY TAKE THEIR HEAVY WATER BACK AT THEIR OWN EXPENSE. ON THE OTHER HAND, HE SAID THAT IF THEY AND THE AGENCY ARE WILLING TO SETTLE FOR A REASONABLE DEFINITION OF SAFEGUARDS, HE PERSONALLY IS QUITE READY TO STAND BY HIS EARLIER STATEMENTS TO THE CONGEN THAT THE RAJASTHAN REACTORS WHICH WERE BUILT WITH SUBSTANTIAL FOREIGN ASSISTANCE CAN BE PUT UNDER INTERNATIONAL SAFEGUARDS. IN THIS WAY, THE MATERIALS USED THERE WOULD BE SEALED OFF FROM THE UNSAFEGUARDED FACILITIES IN OTHER PARTS OF INDIA'S NUCLEAR PROGRAM.

3. SETHNA SAID THAT IN DECIDING TO CUT BACK ON THE POWER GENERATION PROGRAM THAT WILL RESULT FROM THE CURRENT RECHARGE AT TARAPUR, THE IAEC HAS LOOKED CAREFULLY AT ALTERNATIVES FOR MAINTAINING POWER SUPPLY IN WEST INDIA. HE EMPHASIZED THAT THE DECISION TO CUT BACK POWER AT TARAPUR WAS NOT A EASY ONE AND COULD NOT HAVE BEEN TAKEN WITHOUT A CLEAR VIEW OF MAINTAINING THE BEST POSSIBLE SUPPLY OF POWER IN WEST INDIA. HE HAS CONCLUDED THAT THE BEST SOLUTION FOR THE TARAPUR CUT-BACK, WHICH HE MAINTAINS WAS INEVITABLE BECAUSE OF THE STORAGE PROBLEM, IS AN IMPROVEMENT IN THE CONNECTION BETWEEN WEST AND NORTH WEST INDIAN GRIDS. HE HAS RECOMMENDED THAT ANY ADDITIONAL FUNDS AVAILABLE TO MEET THE

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TARAPUR PROBLEM BE PUT INTO GRID IMPROVEMENTS RATHER THAN OTHER TEMPORARY PALLIATIVES. THIS SOLUTION RECOMMENDS ITSELF BECAUSE, HE CLAIMS, THERE WILL BE A SURPLUS OF 700 MEGAWATTS OF GENERATING CAPACITY IN THE NORTHWEST IN 1978, EVEN WITHOUT RAPP II. THERE WILL BE ALMOST 1000 MEGAWATTS OF EXCESS CAPACITY IF RAPP II GETS THE HEAVY WATER TO BRING IT ON STREAM. THE PROBLEM IS TO MOVE THIS ELECTRICITY INTO AREAS WHERE IT'S NEEDED, IE, WESTERN INDIA. HE CLAIMS THAT THERE ARE ONLY TWO SUBSTANTIAL GRID IMPROVEMENTS REQUIRED, ONE WOULD IMPROVE THE LINK BETWEEN MADHYA PRADESH AND RAJASTHAN AND THE OTHER THE TIE BETWEEN RAJASTHAN AND AHMEDABAD IN GUJARAT. HE CLAIMS THAT WHILE THESE WILL BE EXPENSIVE THEY WILL NOT BE EXORBITANTLY SO. HE GAVE THE IMPRESSION OF TALKING ABOUT PROGRAMS RUNNING INTO PERHAPS \$10 TO

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ACTION OES-02

INFO OCT-01 SS-14 ISO-00 NEA-07 INR-05 CIAE-00 DODE-00
PM-03 NSC-05 NSCE-00 EB-04 ACDA-10 IO-06 L-01
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\$20 MILLION. CONGEN ASKED WHETHER THERE WOULD NOT BE AN OUTCRY OVER LEAVING RAPP II IDLE BECAUSE OF THE DIFFICULTY OVER SAFE-GUARDS THERE. SETHNA SAID HE DOUBTED THIS BECAUSE THE DELAY WOULD NOT BE OVERLY LONG. HE CLAIMS THAT THE BARODA HEAVY WATER PLANT IS READY TO COME ON STREAM NEXT MONTH IN FULL EFFICIENCY, WHICH WILL GIVE HIM AN ADDITIONAL 70 TONS OF HEAVY WATER PER YEAR. HE ALSO CLAIMS THAT THE PRESSURE AND OTHER TESTS HAVE BEEN COMPLETED AT KOA AND THAT THIS PLANT WITH ITS 100-TON ANNUAL CAPACITY IS NO MORE THAN SIX MONTHS AWAY FROM PRODUCTION (THESE CLAIMS, ALTHOUGH SIX MONTHS MORE OPTIMISTIC IN THE CASE OF KOTA, GENERALLY CONFIRM WHAT CONGEN HAS LEARNED FROM INDUSTRY SOURCES AND PASSED ON IN LETTER TO DIXON HOYLE DATED MARCH 7, 1977. SETHNA ADDED THAT THE TALCHER HEAVY WATER PLANT WILL BE READY BEFORE 1979 SO THAT HIS HEAVY WATER SHORTAGE IS ALTOGETHER TEMPORARY AND THE SOLUTION IS CLEARLY IN SIGHT.

4. SETHNA WENT ON TO SAY THAT THE EFFECT ON THE CANADIAN CUT-BACK ON DEVELOPMENT ON INDIA'S DOMESTIC PRODUCTION FACILITIES HAS BEEN QUICKER AND SHARPER THAN HE ANTICIPATED. HE CLAIMS THAT INDIA IS NOT 100 PERCENT SELF-SUFFICIENT IN REACTOR CONSTRUCTION AND MAINTENANCE CAPABILITY. AS HE PUT IT, 20 YEARS OF HARD
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SLOGGING PUSHED BY CANADA'S PRECIPITATE ACTION IN THE FINAL STAGES HAS PAID OFF BY GIVING INDIA GENUINE INDEPENDENT CAPABILITY IN THE NUCLEAR FIELD.

5. SETHNA WENT ON TO SAY THAT THIS CAPABILITY IS NOW CLEARLY

PERCEIVED IN NEW DELHI AND POLICY OFFICIALS THERE ARE CONSIDERING WAYS IN WHICH IT CAN BE USED TO ADVANCE INDIA'S BASIC INTERESTS. IN PARTICULAR, THEY HAVE ASKED HIM TO DRAW UP PAPERS ABOUT EXPORTING NUCLEAR PLANTS. HE FEELS THAT IN PART THIS REFLECTS THE UNCERTAIN LOCAL POLITICAL SITUATION WHICH MAY CAUSE WHATEVER GOVERNMENT COMES IN TO TAKE TOUGHER LINE WITH THE DEVELOPED COUNTRIES THAT HAVE RECENTLY GIVEN SO MUCH TROUBLE IN THE NUCLEAR COOPERATION FIELD. HE SAID THESE DIFFICULTIES WERE INITIALLY CENTERED ON CANADA, BUT THEY NOW INCLUDE RUSSIA AND THE UNITED STATES. THERE CLEARLY, IN HIS VIEW, ARE MANY POLITICIANS AND HIGH CIVIL SERVANTS IN NEW DELHI WHO WANT TO USE INDIA'S NUCLEAR TECHNOLOGY TO DEMONSTRATE THAT INDIA IS REALLY A FIRST-CLASS POWER IN THIS LIMITED FIELD. HE SAID THAT IN PARTICULAR IF THE OPPOSITION GETS IN, HE FEELS THAT THIS TREND WILL ACCELERATE AND BE ALMOST IMPOSSIBLE TO TEMPER. HE CLAIMS, HOWEVER, TO BE HOPEFUL THAT IF MRS GANDHI STAYS IN POWER, HE CAN INFLUENCE HER TO STAY ON A COOPERATIVE COURSE WITH THE WESTERN NUCLEAR POWERS, PROVIDING THE DEMANDS FOR SAFEGUARDS AND DIFFICULTIES IN MAINTAINING EXISTING CONTRACTS DO NOT FORCE INDIAN POLITICIANS TO TURN AWAY IN ORDER TO MAINTAIN THE COUNTRY'S HONOR.

7. CONGEN POINTED OUT THAT SETHNA SEEMED MUCH MORE OPTIMISTIC ABOUT INDIA'S TECHNOLOGICAL CAPABILITIES THAN HAS PREVIOUSLY BEEN THE CASE. SETHNA SAID THAT THERE TRULY HAD BEEN A QUANTUM ADVANCE IN DIFFICULT TECHNOLOGY LIKE COMPRESSORS AND BLOWERS CAPABLE OF OPERATING UNDER EXTREMELY HIGH PRESSURES, BUT EQUALLY IMPORTANT HAD BEEN THE LARGE RECENT DISCOVERIES OF URANIUM. HE SAID THAT INDIA HAS RECENTLY MADE DISCOVERIES OF LARGE ORE BODIES WITH THE URANIUM CONTENT OF .3 AND .4 WHICH, HE SAID, IS EXTRAORDINARY. THIS OBVIOUSLY GIVES INDIA THE CAPABILITY OF OFFERING AN ASSURED FUEL SUPPLY TO GO ALONG WITH ANY REACTOR THAT IT MIGHT SELL
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ABROAD, WHICH OF COURSE WAS LACKING IN THE PAST.

8. SETHNA CLOSED BY SAYING THAT HE HOPED THAT TALKS COULD GET GOING WITH THE US SHORTLY AFTER THE FORMATION OF A NEW INDIAN GOVERNMENT IN THE LAST WEEK OF MARCH. HE BELIEVES THAT TIME IS RUNNING OUT AND SEEMED TO TRY TO GIVE ME THE IMPRESSION THAT THE RATHER SUDDEN DECISION TO CUT BACK ON ELECTRICITY PRODUCTION AT TARAPUR WAS JUST THE FIRST IN A SERIES OF STEPS THAT THE INDIAN GOVERNMENT HAS IN MIND TO PREPARE WEST INDIA PUBLIC OPINION FOR FURTHER CUT-BACKS IN ELECTRICITY FROM TARAPUR. HE HOPED THAT THE REVIVAL OF WASHINGTON INTEREST IN THE EXPORT LICENSE FOR ENRICHED URANIUM FOR TARAPUR INDICATES THAT THE US GOVERNMENT IS NOW READY TO RESUME TALKS ON THE WASTE STORAGE PROBLEM.
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